No. 15-927

Supreme Court, U.S.
FILED
SEP 12 2016
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

SCA HYGIENE PRODUCTS AKTIEBOLAG AND SCA PERSONAL CARE, INC.,
Petitioners,

v.

FIRST QUALITY BABY PRODUCTS, LLC, FIRST QUALITY HYGIENIC, INC., FIRST QUALITY PRODUCTS, INC., AND FIRST QUALITY RETAIL SERVICES, LLC,
Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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QUESTION PRESENTED

Whether laches is available as a defense under the Patent Act to bar claims for damages.

CORPORATE DISCLOSURE STATEMENT

First Quality Baby Products, LLC; First Quality Hygienic, Inc.; First Quality Products, Inc.; and First Quality Retail Services, LLC are privately held companies, and no publicly held company owns 10% or more of the stock of any of them.

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INTRODUCTION

By the time Congress enacted the Patent Act of 1952, courts had been applying laches to bar damages in patent infringement cases for over fifty years, alongside the separate six-year limit on damages now found in 35 U.S.C. § 286. Congress codified that longstanding judicial consensus—that a patent is rendered unenforceable when a patentee's unreasonable delay in filing suit prejudices the defendant—in § 282 of the Patent Act, which provides that existing "unenforceability" defenses, such as laches, are available "in any action." Every court of appeals to consider the question since 1952 has agreed that laches is a defense to damages in patent infringement cases. During that same period, Congress has repeatedly modified § 282 and other relevant provisions of the patent laws without ever expressing any disagreement with the uniform consensus that laches is available to bar damages claims.

SCA's effort to upend that century-old consensus and escape the consequences of its unreasonable and prejudicial delay should be rejected. SCA's entire case depends on extending *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), to patent law. But the unique text, history, and purpose of the Patent Act all distinguish this case from *Petrella*. SCA's attempt to gloss over those differences ignores that *Petrella* rests at bottom on a concern for respecting congressional judgment. Congress's different judgment in the Patent Act thus calls for a different result from the one reached under the Copyright Act. Nothing in *Petrella* suggested that Congress could not retain both an outer limit for recovery of patent infringement damages, 35 U.S.C. § 286, as well as equitable defenses, such as laches, that may bar damages within that period, *id.*

§ 282.[1] That is exactly what Congress did here, acting against the backdrop of settled judicial practice.

It is SCA's desired rule, not that of the court below, that would "jettison Congress' judgment," *Petrella*, 134 S. Ct. at 1967, destabilize the law, and invite abusive practices. The court of appeals' judgment upholding the district court's finding of laches should be affirmed.

STATEMENT

A. Statutory Background

1. Before 1870, a patentee seeking both an injunction and damages was forced to bring duplicative proceedings in equity and at law. A federal court sitting in equity could not directly compensate the patentee for its past losses; rather, the court was limited to ordering an infringer to disgorge any "gains and profits." *Tilghman* v. *Proctor*, 125 U.S. 136, 148 (1888). This remedy proved incomplete whenever the patentee's losses exceeded the infringer's gains. *See, e.g.*, *Birdsall* v. *Coolidge*, 93 U.S. 64, 69-70 (1876).

Congress addressed that shortcoming in the Patent Act of 1870, which authorized federal courts sitting in equity to award the same damages available at law:

> [T]he court shall have power, upon bill in equity ... to grant injunctions according to the course and principles of courts of equity, ... and upon a decree being rendered in any such case for an infringement, the [patentee] shall be entitled to recover, in addition to the profits to be accounted for by the defendant, *the damages*

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[1] Except as otherwise noted, all citations to title 35 are to the 2010 edition applicable to this case. Pet. App. 18a n.2.

> *the complainant has sustained thereby*, ... and the court shall have the same powers to increase the same in its discretion that are given by this act to increase the damages found by verdicts in actions upon the case ....

Act of July 8, 1870, ch. 230, § 55, 16 Stat. 198, 206 (emphasis added) (codified as amended at Rev. Stat. § 4921 (1874)). Congress did not give courts of law the power to issue injunctions; a separate provision of the 1870 Act instead limited courts of law to awarding "actual damages." *Id.* § 59, 16 Stat. at 207 (codified as amended at Rev. Stat. § 4919). Accordingly, a patentee could obtain both an injunction and damages in equity, but only damages at law.

Patentees predictably responded by "resort[ing] to actions at law with decreasing frequency" after 1870, "until finally the jurisdiction of equity over infringement suits became for all practical purposes exclusive." Lutz, *Evolution of the Claims of U.S. Patents*, 20 J. Pat. Off. Soc'y 457, 470 (1938). Indeed, "virtually none of the patent cases decided in this period" were tried at law. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 Va. L. Rev. 1673, 1704 (2013); *see also* Heard, *The New Rules of Civil Procedure as Affecting Patent Litigation*, 20 J. Pat. Off. Soc'y 895, 895 (1938) ("Patent cases are very seldom tried as actions at law."). Actions at law were reserved only for the rare cases in which equity jurisdiction could not be invoked—for example, because the patent had already expired and thus could no longer be infringed. The "dominance of equity" in patent law persisted through the merger of law and equity in 1938 and the adoption of the Patent Act of 1952. *See* Lemley, 99 Va. L. Rev. at 1704 ("only 2.5% of patent suits were tried to a jury" in 1940); Judicial Conference of the United States, *Re-*

port of the Division of Procedural Studies and Statistics, *in Annual Report* 67, 134 tbl. C4 (1952) (87 bench trials to 4 jury trials in 1952 fiscal year).

As a result, "[m]uch of the overall body of patent jurisprudence was developed within the equity framework"; patent law is accordingly suffused with "equitable approaches to judicial reasoning and lawmaking," including "such explicitly equity-based doctrines as patent misuse, inequitable conduct, and laches." Beauchamp, *The First Patent Litigation Explosion*, 125 Yale L.J. 848, 913 (2016). Equitable principles also informed the development of other doctrines that continue to this day, including the doctrine of equivalents, patent exhaustion, the experimental use exception, and prosecution laches.

2. The dominance of equity between 1870 and 1952 is reflected in the fact that when Congress amended the Patent Act to address issues relating to *damages*, it made the amendments exclusively in the section of the statute governing damages in *equity*, Rev. Stat. § 4921.[2]

First, in 1897, Congress enacted the predecessor to the six-year damages period now found in 35 U.S.C. § 286. Congress placed that limitation in Rev. Stat. § 4921 and made it applicable both in equity and at law: "in any suit or action ... there shall be no recovery of profits or damages for any infringement committed more than six years before" filing. Act of Mar. 3, 1897,

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[2] Congress made no comparable changes to the provision governing damages at law, which remained unchanged from the 1870s onwards. *Compare* Rev. Stat. § 4919, *with* 35 U.S.C. § 67 (1946).

ch. 391, § 6, 29 Stat. 692, 694.[3] Second, in 1922, Congress modified § 4921 to permit equity courts to award "a reasonable sum" in damages, if a patentee had difficulty proving actual damages or profits in an accounting. Pub. L. No. 67-147, § 8, 42 Stat. 389, 392 (1922). Third, in 1946, Congress eliminated reference to disgorgement of profits and set a floor for damages in § 4921 by providing that they be "not less than a reasonable royalty." Pub. L. No. 79-587, 60 Stat. 778, 778 (1946).

The upshot of these successive changes is that courts sitting in equity and applying Rev. Stat. § 4921 were awarding the same reasonable-royalty damages available today, 35 U.S.C. § 284, subject to the same six-year cutoff, *id.* § 286.

3. Between 1870 and 1952, federal courts repeatedly recognized and applied laches when a patentee unreasonably and inexcusably "slept upon his rights" to the accused infringer's prejudice. *Lane & Bodley Co.* v. *Locke*, 150 U.S. 193, 201 (1893). In *Lane & Bodley*, which arose before Congress enacted the six-year damages period in 1897, this Court dismissed a suit in equity after the patentee delayed more than twelve years before suing. *Id.* at 200-201. Subsequent patent cases decided after 1897 held that laches barred the patentee from recovering profits *or damages*—whether sought in equity, as in the vast majority of patent litigation at the time (*infra* pp. 17-21 & n.8), or in the rare cases brought at law (*infra* pp. 21-22). Courts continued to

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[3] The 1870 Act had limited a patentee's window to recover damages to the patent term plus six years, but that provision was eliminated in 1874. *See Campbell* v. *City of Haverhill*, 155 U.S. 610, 613-614 (1895).

apply the same rule after the 1938 merger of law and equity. *Infra* p. 23.

4. Congress enacted the Patent Act of 1952 against that backdrop. Pub. L. No. 82-593, 66 Stat. 792. The purpose of the 1952 Act was to codify existing patent law, except as otherwise noted. *See* H.R. Rep. No. 82-1923, at 3 (1952) (explaining "the main purpose of codification and enactment of title 35 into law, with only some minor procedural and other changes").

The 1952 Act consolidated the two damages provisions, Rev. Stat. §§ 4919 and 4921, into a single new provision, § 284, modeled primarily on the equity side of the statute. 66 Stat. at 813; H.R. Rep. No. 82-1923, at 29. Congress also maintained the six-year outer limit on recovering damages, but placed it in a new standalone section, § 286. 66 Stat. at 813.

Finally, in § 282 of the 1952 Act, Congress codified existing defenses to patent infringement. 66 Stat. at 812. The 1870 Act had included a list of five defenses that could be pleaded, but the list was not exhaustive. Act of July 8, 1870, § 61, 16 Stat. at 208 (codified as amended at Rev. Stat. § 4920). Rather than attempting to enumerate each and every defense recognized by the courts, Congress "omitted and replaced" the prior list with "a broader paragraph specifying defenses in general terms." H.R. Rep. No. 82-1923, at 29. In particular, Congress provided in § 282 that the "following shall be defenses in any action involving the validity or infringement of a patent," and then listed defenses including "Invalidity" and "Noninfringement, absence of liability for infringement or unenforceability." 66 Stat. at 812.

B. Factual Background

1. *Infringement Accusations.* SCA and First Quality are competitors in the market for adult incontinence products. On October 31, 2003, SCA sent a letter accusing First Quality of making and selling protective underwear products that infringed SCA's U.S. Patent No. 6,375,646 ("the '646 patent"). JA54-55.

Three weeks later, on November 21, 2003, First Quality responded to SCA, also by letter, explaining that First Quality's products did not and could not infringe the '646 patent because that patent is invalid. First Quality's letter explained that even a "cursory review" of the prior art revealed that the same claimed features were already disclosed in U.S. Patent No. 5,415,649 to Watanabe. JA52.

SCA never again accused First Quality of infringing the '646 patent until SCA brought this suit in August 2010, nearly seven years later. But the parties had several other interactions. In April 2004, SCA accused a different First Quality product of infringing a different SCA patent, without mentioning the '646 patent. Pet. App. 95a. First Quality responded with a letter referencing the parties' prior correspondence regarding the '646 patent, and SCA replied in July 2004, again without mentioning the '646 patent. *Id.* 95a-96a. SCA's apparent abandonment of its infringement contentions with respect to the '646 patent reinforced First Quality's belief that the '646 patent was no longer an issue. *Id.* 4a, 116a.

2. *Reexamination.* SCA had been aware of the prior art Watanabe patent long before First Quality's 2003 letter referencing it; SCA knew of Watanabe since at least 1998, from proceedings on the European counterpart to the '646 patent. *See* CAJA586-587 & n.1, 865-

866. However, SCA had failed to disclose the Watanabe patent to the U.S. Patent and Trademark Office when obtaining the '646 patent, notwithstanding its duty to disclose material prior art. CAJA879-880. In July 2004, after the correspondence described above, SCA belatedly brought Watanabe to the PTO's attention by initiating an ex parte reexamination of the '646 patent. Pet. App. 4a. SCA did not inform First Quality of this development. *Id.*[4]

The reexamination "took almost three years," as SCA notes (at 10), in part because the patent examiner initially rejected all the '646 patent claims as anticipated by Watanabe. CAJA188. SCA ultimately survived the reexamination by reading the '646 patent claims narrowly. CAJA188-190. The reexamination concluded in March 2007, with the PTO confirming its view of the patentability of the '646 patent claims and authorizing additional dependent claims (*i.e.*, claims that are necessarily narrower than the original claims). SJA10-11.

3. *SCA's Monitoring and First Quality's Prejudice.* At no point during the reexamination (or for three years after) did SCA inform First Quality of that proceeding or suggest that SCA continued to view any First Quality products as potentially infringing the '646 patent. But throughout that period, SCA, which is much larger than First Quality, kept close watch over First Quality's business through "an entire department dedicated solely to competitive intelligence," which had "continuously tracked First Quality's activity since 2003." Pet. App. 104a. SCA acquired and analyzed

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[4] SCA observes (at 9-10) that notices of reexamination are open to public inspection. It is undisputed, however, that First Quality never learned of the reexamination until SCA brought this suit. Pet. App. 96a.

First Quality products and advertisements and kept abreast of First Quality's expansion plans. CAJA920, 923-926, 929-931, 939, 941-943, 945-946.

First Quality, meanwhile, invested substantial capital to expand its market and increase sales of the very products SCA would later claim infringe the '646 patent. Among other steps, First Quality spent hundreds of millions of dollars to develop new protective underwear lines and to acquire one of its competitors, a subsidiary of Covidien. Pet. App. 5a, 70a-71a, 107a-108a. First Quality's sales of the accused products during this period increased eight-fold over the sales levels that had prompted SCA's initial letter. CAJA1085.

C. Prior Proceedings

1. *District Court Proceedings.* In August 2010, after nearly seven years of delay, SCA brought this suit seeking an injunction and damages for First Quality's alleged infringement of the '646 patent. JA23. In an attempt to reach First Quality's products, SCA proposed a construction of the '646 patent claims that was broader than the narrowing gloss it had adopted to overcome Watanabe during the reexamination. CAJA189-190. The district court rejected that effort under the doctrine of prosecution history estoppel. CAJA190.

At summary judgment, the district court held that laches barred SCA from recovering any damages that accrued before suit was filed. Pet. App. 111a, 120a. The court explained that an accused infringer may establish the defense under settled law by proving two elements: unreasonable delay by the patentee and resulting prejudice to the accused infringer. Pet. App. 98a-99a (citing *A.C. Aukerman Co.* v. *R.L. Chaides*

Constr. Co., 960 F.2d 1020, 1028 (Fed. Cir. 1992) (en banc)). When the patentee delays for more than six years, the accused infringer is entitled to a presumption of unreasonable and prejudicial delay, which the patentee may rebut by providing evidence to explain its delay or dispel the prejudice. *Aukerman*, 960 F.2d at 1035-1036. Applying that presumption, the district court held that SCA failed to present evidence sufficient to create a genuine issue of fact regarding the unreasonableness of its delay or First Quality's prejudice from that delay. Pet. App. 105a, 110a-111a. The court also ruled that SCA's three-year delay after the reexamination, standing alone and without the benefit of a presumption, "support[ed] a finding of unreasonable delay" on these facts. *Id.* 105a n.1.

The court ruled, in particular, that the reexamination proceeding did not excuse SCA's delay in this case. Pet. App. 102a-103a.[5] The court also "reject[ed] SCA's argument that it needed more than three years," *after* the reexamination proceeding concluded, "to determine whether it was appropriate to bring infringement claims against First Quality," given that "SCA had already completed its infringement analysis by October of 2003, when it sent the initial letter to First Quality." *Id.* 104a. Further, SCA's assertion that it needed three years to locate U.S. counsel was insufficient, given that SCA's U.S. in-house counsel oversaw all its U.S. litigation and had already retained U.S. counsel to accuse

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[5] To this day, SCA has never provided any explanation for its decision not to inform First Quality of the reexamination proceeding, which was prompted by SCA's own failure to disclose Watanabe to the PTO during the original prosecution of the '646 patent.

First Quality of infringement in 2003 and to conduct the reexamination. *Id.*

The district court also held that First Quality had established the separate defense of equitable estoppel, based on SCA's misleading conduct. Pet. App. 111a-119a. Finally, the court dismissed as moot First Quality's other pending motions, including two for summary judgement on non-infringement grounds. *Id.* 120a.

2. *Panel Decision.* A panel of the Federal Circuit affirmed in part and reversed in part. As to laches, the panel unanimously held that *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), did not abrogate the court's recognition in *Aukerman* that laches could bar a damages claim for patent infringement, and it ruled that the district court's laches decision was correct on the record presented. Pet. App. 75a-84a. The panel also held that SCA had waived its argument, raised for the first time on appeal, that the dependent claims issued after reexamination should have been analyzed differently for laches purposes. *Id.* 84a-85a.

The panel reversed as to equitable estoppel, concluding that genuine issues of material fact remained as to whether SCA's communications misled First Quality and, if so, whether First Quality's reliance on those misrepresentations caused First Quality's prejudice—a causation issue relevant only to estoppel, not laches. Pet. App. 89a.

3. *En Banc Decision.* The Federal Circuit reheard the case en banc to reconsider *Aukerman* and

the viability of a laches defense to a patent infringement suit for damages in light of *Petrella*.[6]

A majority of the en banc court began by acknowledging that § 286 is not a statute of limitations, but it declined to distinguish *Petrella* on that basis. Pet. App. 17a-18a. It then turned to a careful examination of the reasoning of both *Petrella* and *Aukerman*. The majority reaffirmed the core holding of *Aukerman* that Congress codified laches as a defense to damages in § 282 of the Patent Act of 1952, in full view of the separate six-year period in § 286. *Id.* 18a, 22a, 35a-36a; *Aukerman*, 960 F.2d at 1029-1030; *cf. Petrella*, 134 S. Ct. at 1974 n.15 (describing *Aukerman* as "[b]ased in part on § 282 and commentary thereon, legislative history, and historical practice"). The en banc majority declined to second-guess that legislative judgment, finding itself bound to "apply the law as enacted, which means that the § 286 damages limitation and the § 282 laches defense must continue to coexist." Pet. App. 36a. Five judges dissented from this ruling. *Id.* 45a-66a.[7]

The "cornerstone" (Pet. Br. 15) of the decision below was the text and history of the 1952 Patent Act, and the uniform pre-1952 judicial consensus that laches was available as a defense to patent damages claims. Pet. App. 18a-22a, 29a-34a. The majority's view was further confirmed by commentary from P.J. Federico, a principal draftsman of the 1952 Act, who noted that the defenses codified in § 282 included "'*equitable defenses*

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[6] The en banc court declined SCA's request to reconsider the rebuttable presumption of laches. Opp. 29-30.

[7] The en banc court unanimously modified circuit law to clarify that laches may be considered in fashioning appropriate injunctive relief. Pet. App. 40a-41a, 46a n.1.

such as laches, estoppel, and unclean hands.'" *Id.* 20a. Finally, the court noted that pre-suit delay poses a unique and recurring risk of hardship in patent law, not found in copyright law, because delay often forecloses the infringer from substituting a non-infringing technology, and the court observed that "[t]his risk likely explains why the amici in this case—encompassing industries as diverse as biotechnology, electronics, manufacturing, pharmaceuticals, software, agriculture, apparel, health care, telecommunications, and finance—overwhelmingly support retaining laches in patent law." *Id.* 38a.

The en banc court reinstated the panel's decision as to equitable estoppel and remanded the case for further proceedings. Pet. App. 44a.

4. *Subsequent Proceedings.* After remand, SCA moved for a stay pending disposition of its petition to this Court. JA46. The district court denied SCA's request. Order 1-2, Dist. Ct. Dkt. 150. Proceedings in the district court are thus ongoing, with two potentially case-dispositive defenses relating to equitable estoppel and noninfringement pending. *See* First Quality Ltr. 2-3, Dist. Ct. Dkt. 153 (summarizing defenses); Order 1, Dist. Ct. Dkt. 155 (reopening case and reinstating case-dispositive motions).

SUMMARY OF ARGUMENT

I. Congress codified laches as a defense to damages in the Patent Act of 1952. Before 1952, the federal courts uniformly recognized such a defense in patent law, alongside the same six-year outer limit on recovering damages now found in 35 U.S.C. § 286. Congress's choice in 1870 to allow for the recovery of damages in courts of equity caused the vast majority of patent liti-

gation to be brought in equity, and laches was routinely applied in those cases to bar recovery of damages. Laches was also recognized as a defense in the rare patent actions brought at law. This consensus view of laches as a defense to damages in patent law continued unabated after the 1938 merger of law and equity. SCA's effort to rebut the judicial consensus by criticizing the few decisions rendered at law fails on its own terms, overlooks the many decisions in equity, and does not account for the post-merger decisions.

Congress codified this settled view of laches in § 282 of the Patent Act of 1952 by making "unenforceability" defenses available "in any action." By using the term "unenforceability," Congress intended to incorporate the established meaning of that term, which included laches as a defense to damages. The history of the 1952 Act confirms that Congress's purpose in § 282 was to preserve existing unenforceability defenses and that Congress anticipated that those defenses would be available to bar recovery of damages. Furthermore, the overall purpose of the 1952 Act was to codify existing law, and Congress's intent to preserve laches was perceived immediately.

Every court of appeals to consider the question after 1952 recognized that laches remained available as a defense to damages in patent law. Since 1952, Congress has modified the Patent Act in various ways, including amendments to § 282, without ever disturbing the uniform recognition of laches as a defense. Any changes should be left to Congress.

II. This Court's decision in *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), supports retaining laches as a defense in patent law because *Petrella* rests at bottom on an inference of legislative in-

tent. The Copyright Act's three-year statute of limitations, together with other statutory provisions and the historic role of laches as "gap-filling" in equity, persuaded the Court that Congress had impliedly foreclosed the defense of laches in copyright infringement actions for damages. The same careful attention to statutory text and history leads to a different result here. All the available evidence indicates that Congress intended to preserve laches as a defense to damages under the Patent Act.

SCA's contrary view, premised on 35 U.S.C. § 286, is unfounded. To start, § 286 is not a statute of limitations at all. A statute of limitations requires the plaintiff to bring suit within a fixed period of time after the plaintiff's cause of action accrues. Section 286, by contrast, runs backwards from when the defendant is sued and is not dependent on when the plaintiff knew or should have known of the defendant's allegedly infringing activities. In enacting § 286, Congress left ample room for laches to operate alongside the six-year period, as had been true for decades before the 1952 Patent Act. Reading the Patent Act to permit the laches defense within § 286's six-year period is also consistent with the text and history of that provision. Laches has distinct elements and does not shorten the six-year period or otherwise undermine § 286. Finally, Congress had good reason to retain laches as a defense to damages in the Patent Act but not the Copyright Act given the substantial differences between the two—including the danger that patentees will unreasonably delay suit until infringers with no knowledge of the patent are locked into using the patented technology.

III. The presumption that delay of six years or more is unreasonable and prejudicial should be retained. The presumption predates the 1952 Act, has

been widely recognized in the courts of appeals (not simply the Federal Circuit), and is consistent with historical practice. It provides a useful benchmark for ensuring consistency across cases, and it sensibly places the burden on the patentee to explain long periods of pre-suit delay. Finally, the presumption made no difference here, so affirmance is warranted in any event.

ARGUMENT

I. CONGRESS CODIFIED LACHES AS A DEFENSE TO DAMAGES CLAIMS IN § 282 OF THE PATENT ACT

When Congress enacted § 282 of the Patent Act of 1952, it codified the longstanding judicial consensus that laches is available as an unenforceability defense against damages claims, alongside the six-year period now found in § 286. For decades prior to the 1952 Act, courts had routinely recognized laches as a bar to enforcing stale claims *for damages*. Congress intended to preserve that settled view by codifying laches as one of the "unenforceability" defenses available "in any action" under § 282. Given the overwhelming pre-1952 consensus, it is no surprise that every court to consider the question after 1952 held that laches is available in patent litigation to bar damages claims brought after unreasonable, prejudicial delay. Congress has repeatedly amended the Patent Act, including § 282, in full view of those decisions, without ever seeing fit to modify laches. At this late date, "[a]ny re-calibration" of the laches defense should be left to Congress. *Microsoft Corp.* v. *i4i Ltd. P'ship*, 564 U.S. 91, 114 (2011).

A. Before 1952, The Federal Courts Uniformly Recognized Laches As A Bar To Recovering Damages For Patent Infringement

As this Court has recognized, Congress adopted the 1952 Act as a "codification" of existing law, against a "backdrop" of decades of patent decisions that shed light on the Act's meaning. *Halo Elecs., Inc.* v. *Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1930 (2016). That is no less true of § 282, which codified decades of cases recognizing laches as a defense to patent damages, both before and after the merger of law and equity.

1. Laches barred recovery of patent damages before the merger of law and equity

Patent litigation occurred almost exclusively in equity from 1870 onwards as a result of a deliberate choice Congress made that year to allow courts of equity to award damages for patent infringement. Act of July 8, 1870, ch. 230, § 55, 16 Stat. 198, 206; *see supra* pp. 2-4. This legislative change, combined with other factors, ushered in a long period in which the overwhelming majority of cases seeking damages were brought in equity. *Supra* pp. 3-4; *see also, e.g.*, 3 Robinson, *The Law of Patents for Useful Inventions* § 932 n.5 (1890) (noting "the almost entire substitution of actions in equity for actions on the case in courts of law where equity jurisdiction can be claimed").

This "shift of patent litigation from common law to equity was deeply important to the evolution of patent law." Beauchamp, *The First Patent Litigation Explosion*, 125 Yale L.J. 848, 912 (2016). As a result, modern patent law is now "riddled with equitable approaches" that arose in these formative years, gained general application, and remain part of the law today. *Id.* at 913

(collecting examples); *see supra* p. 4. One of those longstanding doctrines is the tradition of applying laches as a defense to patent damages.

Far from "a handful of ambiguous lower court decisions" (Pet. Br. 37), a mountain of authority recognized laches as a defense barring recovery of damages or profits. *See, e.g.*, *Westco-Chippewa Pump Co.* v. *Delaware Elec. & Supply Co.*, 64 F.2d 185, 186-188 (3d Cir. 1933) (plaintiff's laches barred recovery after "having stood by and having done nothing to protect its rights for seven years while the defendant was building up a business, which it thought was legitimate"); *Dwight & Lloyd Sintering Co.* v. *Greenawalt*, 27 F.2d 823, 827 (2d Cir. 1928) (L. Hand, J.) ("delay of 13 years, not otherwise excused, therefore appears to us fatal to any accounting"); *Wolf Mineral Process Corp.* v. *Minerals Separation N. Am. Corp.*, 18 F.2d 483, 490 (4th Cir. 1927) ("laches shown by the record would be quite sufficient of itself to bar complainant of relief"); *Cummings* v. *Wilson & Willard Mfg. Co.*, 4 F.2d 453, 455 (9th Cir. 1925) (delay "shows such laches as will clearly preclude any right to relief"); *Wolf, Sayer & Heller, Inc.* v. *United States Slicing Mach. Co.*, 261 F 195, 197-198 (7th Cir. 1919) (evidence "discloses such laches as to prevent appellee from collecting damages for past infringements"); *A.R. Mosler & Co.* v. *Lurie*, 209 F. 364, 371 (2d Cir. 1913) (patentees cannot remain "supine for many years," and then "insist on being granted an accounting for damages and profits during their long period of inaction").[8]

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[8] *See also Union Shipbuilding Co.* v. *Boston Iron & Metal Co.*, 93 F.2d 781, 783 (4th Cir. 1938); *Gillons* v. *Shell Co. of Cal.*, 86 F.2d 600, 608-610 (9th Cir. 1936); *Holman* v. *Oil Well Supply Co.*, 83 F.2d 538, 538 (3d Cir. 1936) (per curiam); *Dock & Terminal*

Some decisions of this era refer generally to laches as a bar to "any accounting," *Dwight & Lloyd*, 27 F.2d at 827, or to "'relief,'" *Gillons* v. *Shell Co. of Cal.*, 86 F.2d 600, 610 (9th Cir. 1936). As the court of appeals explained, however, after Congress authorized equity courts to award damages, an "accounting" became the generic term for the calculation of monetary relief, including damages, in equity. Pet. App. 29a; *see also*

Eng'g Co. v. *Pennsylvania R.R.*, 82 F.2d 19, 19-20 (3d Cir. 1936); *George J. Meyer Mfg. Co.* v. *Miller Mfg. Co.*, 24 F.2d 505, 507-508 (7th Cir. 1928); *Window Glass Mach. Co.* v. *Pittsburgh Plate Glass Co.*, 284 F. 645, 650-651 (3d Cir. 1922); *Safety Car Heating & Lighting Co.* v. *Consolidated Car Heating Co.*, 174 F. 658, 662 (2d Cir. 1909) (per curiam); *Richardson* v. *D.M. Osborne & Co.*, 93 F. 828, 830-831 (2d Cir. 1899); *Woodmanse & Hewitt Mfg. Co.* v. *Williams*, 68 F. 489, 493-494 (6th Cir. 1895); *Dallas Mach. & Locomotive Works, Inc.* v. *Willamette-Hyster Co.*, 28 F. Supp. 207, 212-213 (D. Or. 1939), *aff'd on other grounds*, 112 F.2d 623 (9th Cir. 1940); *Wheatley* v. *Rex-Hide, Inc.*, 25 F. Supp. 543, 544-545 (N.D. Ill. 1938), *aff'd on other grounds*, 102 F.2d 940 (7th Cir. 1939); *Remington Rand, Inc.* v. *Acme Card Sys. Co.*, 29 F Supp. 192, 200-201 (S.D. Ohio 1937); *Celastic Corp.* v. *McClellan Shoe Specialty Co.*, 15 F. Supp. 1048, 1050 (D. Del. 1936); *Temco Mfg. Co.* v. *National Elec. Ticket Register Co.*, 33 F.2d 777, 778 (E.D. Mo. 1928); *Wilkie* v. *Manhattan Rubber Mfg. Co.*, 8 F.2d 785, 788 (D.N.J. 1925), *aff'd on other grounds*, 14 F.2d 811 (3d Cir. 1926); *Yates* v. *Smith*, 271 F. 27, 31-33 (D.N.J. 1920), *aff'd on other grounds*, 271 F. 33 (3d Cir. 1921); *Westinghouse Air Brake Co.* v. *New York Air Brake Co.*, 111 F. 741, 742 (N.D.N.Y. 1901); *Meyrowitz Mfg. Co.* v. *Eccleston*, 98 F. 437, 439-440 (C.C.D. Mass. 1899); *Starrett* v. *J. Stevens Arms & Tool Co.*, 96 F. 244, 246 (C.C.D. Mass. 1899), *aff'd*, 100 F. 93 (1st Cir. 1900); *McLaughlin* v. *People's Ry. Co.*, 21 F. 574, 574 (C.C.E.D. Mo. 1884); *cf. Montgomery Ward & Co.* v. *Clair*, 123 F.2d 878, 883 (8th Cir. 1941) (laches available but not established on the facts of the case); *Hartford-Empire Co.* v. *Swindell Bros.*, 96 F.2d 227, 232-233 (4th Cir. 1938) (same); *United Drug Co.* v. *Ireland Candy Co.*, 51 F.2d 226, 232 (8th Cir. 1931) (same); *Frank F. Smith Hardware Co.* v. *S.H. Pomeroy Co.*, 299 F. 544, 547-549 (2d Cir. 1924) (same).

Robert Bosch, LLC v. *Pylon Mfg. Corp.*, 719 F.3d 1305, 1311-1312 (Fed. Cir. 2013) (en banc). Indeed, the briefs in various decisions that refer simply to an "accounting" make clear that patentees were in fact commonly seeking damages in those cases. *E.g.*, Appellee Br. 12, *Union Shipbuilding Co.* v. *Boston Iron & Metal Co.*, No. 4,203 (4th Cir. Oct. 26, 1937) (patentee sought to force defendant "to account for large sums of money as profits or damages"); Appellee Br. 6, *Dock & Terminal Eng'g Co.* v. *Pennsylvania R.R.*, No. 5,757 (3d Cir. Dec. 6, 1935) ("claim for damages and profits").

Moreover, when courts were more specific about the types of monetary relief barred by the patentee's laches, there was no question that laches operated to bar recovery of *damages*. *E.g.*, *Mosler*, 209 F. at 371 (barring "accounting for damages and profits"); *Safety Car Heating & Lighting Co.* v. *Consolidated Car Heating Co.*, 174 F. 658, 662 (2d Cir. 1909) (per curiam) ("profits and damages"); *Woodmanse & Hewitt Mfg. Co.* v. *Williams*, 68 F. 489, 490 (6th Cir. 1895) ("an accounting as to damages and profits"); *Wheatley* v. *Rex-Hide, Inc.*, 25 F Supp. 543, 545 (N.D. Ill. 1938) (laches "bars his right to recover damages"); *Temco Mfg. Co.* v. *National Elec. Ticket Register Co.*, 33 F.2d 777, 778 (E.D. Mo. 1928) ("laches may preclude a judgment for damages"); *Yates* v. *Smith*, 271 F 27, 27 (D.N.J. 1920) ("accounting of profits and damages"); *Westinghouse Air Brake Co.* v. *New York Air Brake Co.*, 111 F. 741, 742 (N.D.N.Y. 1901) (complainant cannot "collect damages").

All of these decisions, after 1897, involved only claims not otherwise barred by the six-year outer limit for recovery Congress enacted that year—the predecessor to § 286. *Supra* pp. 4-5. In fact, courts expressly considered and rejected the argument that laches

should not operate as a defense within that period. In *Gillons*, for example, the patentee maintained that his delay had effectively *benefited* the infringer by giving it a free license for use of the invention outside the six-year window. 86 F.2d at 606-607. The Ninth Circuit rejected that argument and held that "injury [to the infringer] is presumed" after six years, as is true today. *Id.* at 608; *see also France Mfg. Co.* v. *Jefferson Elec. Co.*, 106 F.2d 605, 609 (6th Cir. 1939) ("relief may be denied on the ground of laches" after "delay in instituting suit, notwithstanding the statute of limitations"); *Dwight & Lloyd*, 27 F.2d at 827 (laches barred recovery for "even the earliest of the 6 years to which recovery is in any event limited"); *Window Glass Mach. Co.* v. *Pittsburgh Plate Glass Co.*, 46 F.2d 484, 485 (W.D. Pa. 1921) (similar), *aff'd*, 284 F. 645 (3d Cir. 1922).

2. Laches was also available as a defense in the rare patent actions brought at law

Only a handful of patent decisions before 1952 addressed laches as a defense at law because actions at law were rare and patent damages were predominantly awarded in equity. Even so, decisions at law also recognized laches as an available defense.

The leading case was *Ford* v *Huff*, 296 F. 652 (5th Cir. 1924), in which the patentee sued Henry Ford at law after more than fourteen years of delay—a period coinciding with Ford's massive success with the Model T, *see id.* at 654. Ford sought to plead laches as a defense under the procedures of Judicial Code § 274b, which permitted equitable defenses to be "interposed by answer" in an action at law, "without the necessity of filing a bill on the equity side of the court." Pub. L. No. 63-278, 38 Stat. 956, 956 (1915) (amending Judicial

Code § 274b).[9] The Fifth Circuit held that a defendant sued at law who filed "a bill in equity disclosing the state of facts alleged" by Ford would have been "entitled to prevent the enforcement of the claim" at law, as the "plaintiff's conduct had been such as to deprive him of the right to enforce that claim." 296 F. at 658. Accordingly, under Judicial Code § 274b, a defendant could raise the same laches defense directly, without needing to file a separate bill in equity to enjoin the action at law.

Ford involved claims for breach of a patent license, but subsequent decisions involving infringement claims at law were to the same effect. In *Banker* v. *Ford Motor Co.*, 69 F.2d 665, 666 (3d Cir. 1934), for example, the court noted that, "[h]ad the [patentee's] suit been in equity, the evidence would have been ample for holding that recovery was barred because of laches," and that the patentee could not avoid the consequences of his unreasonable delay by instead filing at law. *See id.* ("that contention is met by section 274b" (citing *Ford*)); *see also Universal Coin Lock Co.* v. *American Sanitary Lock Co.*, 104 F.2d 781, 781-783 (7th Cir. 1939) (laches, raised in action at law under Judicial Code § 274b, barred damages claims); *Mather* v. *Ford Motor Co.*, 40 F. Supp. 589, 593 (E.D. Mich. 1941) (same).

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[9] Previously, a defendant could raise an equitable defense to a legal claim only by filing a separate "bill in equity to enjoin the ... suit at law until the equitable defense was decided" in equity (*i.e.*, by the court, not a jury). *A.C. Aukerman Co.* v. *R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1031 n.10 (Fed. Cir. 1992) (en banc); *see* Pet. App. 27a, 30a-31a. The 1915 amendments preserved that same sequence: Equitable defenses pleaded under § 274b would "first be disposed of as in a court of equity," by the judge, with a subsequent jury trial only "if an issue of law remains." *Liberty Oil Co.* v. *Condon Nat'l Bank*, 260 U.S. 235, 242 (1922).

3. The consensus view of laches as a bar to damages persisted after the 1938 merger of law and equity

The judicial recognition of laches as a defense to stale patent infringement claims for damages continued unabated after the 1938 merger of law and equity in federal courts. *Lukens Steel Co.* v. *American Locomotive Co.*, 197 F.2d 939, 941 (2d Cir. 1952); *Brennan* v. *Hawley Prods. Co.*, 182 F.2d 945, 948 (7th Cir. 1950); *Rome Grader & Mach. Corp.* v. *J.D. Adams Mfg. Co.*, 135 F.2d 617, 619-620 (7th Cir. 1943); *Skinner* v. *Aluminum Co. of Am.*, 105 F. Supp. 635, 637 (W.D. Pa. 1952); *Young* v. *General Elec. Co.*, 96 F. Supp. 109, 139-140 (N.D. Ill. 1951); *Marlatt* v. *Mergenthaler Linotype Co.*, 70 F. Supp. 426, 432-434 (S.D. Cal. 1947); *Arrowood* v. *Symington-Gould Corp.*, 71 F. Supp. 693, 695-696 (S.D.N.Y. 1946); *Feinstein* v. *I.T.S. Co.*, 68 F. Supp. 15, 16 (N.D. Ohio 1946); *Seghers* v. *Gardella*, 55 F. Supp. 914, 915 (N.D. Ohio 1944); *Van Alen* v. *Aluminum Co. of Am.*, 43 F Supp. 833, 837-838 (S.D.N.Y. 1942); *Peerless Weighing & Vending Mach. Corp.* v. *International Ticket Scale Corp.*, 37 F. Supp. 582, 583 (D. Del. 1941), *aff'd on other grounds*, 126 F.2d 239 (3d Cir. 1942); *Reisz* v. *Harvey*, 33 F Supp. 192, 194 (N.D. Ohio 1940); *Delaney Patents Corp.* v. *Johns-Manville*, 29 F. Supp. 431, 436 (S.D. Cal. 1939). Other patent decisions continued to recognize laches in general, even while holding that it was not available on the particular facts presented. *E.g.*, *Chicago Pneumatic Tool Co.* v. *Hughes Tool Co.*, 192 F.2d 620, 625 (10th Cir. 1951); *Shaffer* v. *Rector Well Equip. Co.*, 155 F.2d 344, 345-347 (5th Cir. 1946).

4. SCA's attempt to rebut this judicial consensus fails

SCA does not seriously grapple with this long tradition of applying laches as a defense to damages claims. Instead, it focuses on criticizing the reasoning of the few pre-merger cases decided at law. That criticism is unfounded and, in any event, ultimately irrelevant to the question before this Court.

a. As an initial matter, SCA's attempts to distinguish the leading cases applying laches at law are misguided. SCA contends (at 42-43) that *Ford* was an estoppel case, but the decision was reasoned and decided on the basis of laches. 296 F. at 657 ("laches"), *rev'g* 289 F. 858, 874 (S.D. Fla. 1923) ("question of laches"). SCA is also wrong to suggest (at 43) that the *Ford* and *Banker* decisions were abrogated by *Enelow* v. *New York Life Insurance Co.*, 293 U.S. 379 (1935). Quite the opposite: *Enelow* cites the relevant portion of *Ford* approvingly. *Id.* at 383 (citing *Ford*, 296 F. at 658). More broadly, SCA misunderstands the question presented in *Enelow* and the import of that decision. *Enelow* held that fraud could not be raised as an equitable defense under Judicial Code § 274b in an insurance dispute at law because the same defense was "completely available in [an] action at law" and, therefore, should have been tried to a jury rather than decided by the court. *Id.* at 385. Under § 274b, the "defendant's rights to a hearing in equity are 'the same,' not greater." *Id.* at 383.

That holding does not speak to laches or patent law, nor does it call into question *Ford*, *Banker*, or the other decisions cited above. Raising laches as a defense under the Judicial Code did nothing to "change the substantive law" (Pet. Br. 43) because laches was already

available as a bar to recovering patent damages. Many other doctrines that originated in equity similarly came to be applied at law, especially in patent infringement cases—notably including equitable estoppel, inequitable conduct, unclean hands, prosecution laches, and the doctrine of equivalents. Beauchamp, 125 Yale L.J. at 913; *see, e.g.*, *Kirk* v. *Hamilton*, 102 U.S. 68, 78 (1880) (equitable estoppel); Laycock, *The Triumph of Equity*, 56 L. & Contemp. Probs. 53, 70-71 (Summer 1993) (additional examples).

Accordingly, as of the 1951 supplement to the Walker treatise, it was understood that in patent law, "'[l]aches ... may be interposed in an action at law.'" Pet. App. 33a (quoting 3 *Walker on Patents* 106 (Deller's ed., Supp. 1951)).

b. More importantly, even if there had not been a single case applying laches at law before the merger of law and equity, it would not affect the analysis. The tradition of applying laches as a defense *to patent damages* was well established through numerous other decisions in equity. *Supra* pp. 17-21 & n.8; Pet. App. 29a-33a; *see also A.C. Aukerman Co.* v. *R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1029 & n.6 (Fed. Cir. 1992) (en banc).

SCA tries to dismiss these cases by arguing (at 40) that "the Federal Circuit erred in failing to distinguish between the patent holder's right to collect damages and *its right to collect damages in a court of equity*." But SCA ignores the overwhelming predominance of equity during the relevant period.[10] For decades, pa-

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[10] SCA also incorrectly suggests (at 41 n.2) that a patentee whose damages claims were held to be barred by laches in a court of equity could simply re-file those same claims at law. That speculation is belied by the absence of a single reported example of

tent damages were awarded almost exclusively by courts of equity. The Federal Circuit properly considered these cases because they represented the actual historical practice with respect to damages in patent litigation.

SCA offers no reason to think Congress would have ignored that backdrop when codifying unenforceability defenses in 1952. Indeed, when Congress wanted to make changes that affected patent damages between 1870 and 1952—including to add the six-year damages period and to expressly codify the type of "reasonable royalty" damages SCA seeks in this case—it exclusively amended the equity side of the statute. *Supra* pp. 4-5. In concept and in practice, patent damages were damages in equity.

Furthermore, SCA disregards the cases applying laches *after* the 1938 merger of law and equity. Had any distinction remained between the laches defense applicable to patent damages as a legal or equitable remedy, courts would have begun rejecting the defense following the merger. Instead, courts continued applying laches to damages just as before. *Supra* p. 23. Thus, by the time Congress codified the case law in 1952, it was well established that laches was a defense to damages in all cases, not just cases in equity.

c. As the en banc majority noted below, SCA and its amici have never identified "a single appellate-level patent infringement case stating—much less holding—that laches is inapplicable to legal damages." Pet. App. 33a. SCA tacitly acknowledges that point by relying principally (at 43-44) on two cases from a single district

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any patentee ever doing so, despite numerous decisions barring patent damages due to laches before the 1938 merger.

court, *Thorpe* v. *Wm. Filene's Sons Co.*, 40 F.2d 269 (D. Mass. 1930), and *City of Concord* v. *Norton*, 16 F. 477 (C.C.D. Mass. 1883). Those outliers were not subject to appellate review and were contrary to the great weight of authority. The sole circuit decision SCA identifies likewise did not consider established precedent and ultimately concluded only that "the elements of laches were not proven in that case," which involved a delay of only two years. Pet. App. 32a n.9; *see Middleton* v. *Wiley*, 195 F.2d 844, 847 (8th Cir. 1952) ("There is no basis in this case for applying the doctrine of laches.").

SCA's argument is premised on supposed "historic practice" and "longstanding principles" of the common law. Pet. Br. 37, 38. However, the decisions cited above applying laches to bar damages reflect the views of scores of judges and lawyers actually steeped in and familiar with common law traditions and procedures. The dearth of any historical support for SCA's view is dispositive here.

SCA seeks to sidestep that fact by relying instead (at 39-40) on this Court's decisions reciting the general proposition that laches was not traditionally a defense at law. *See, e.g.*, *United States* v. *Mack*, 295 U.S. 480, 489 (1935) (dicta); *Wehrman* v. *Conklin*, 155 U.S. 314, 326 (1894) (dicta). None of those decisions addressed patent law. Congress channeled nearly all patent litigation into the equity side of the federal courts, and courts responded by applying laches as a bar to enforcing stale demands for infringement damages. That is the relevant backdrop for the 1952 Act.

B. The Text, Purpose, And History Of The 1952 Act Demonstrate That Congress Intended To Preserve Laches As A Defense To Damages

In keeping with decades of patent precedent, Congress codified laches as a defense to patent damages in § 282 of the Patent Act of 1952. Pet. App. 18a. Specifically, the 1952 Act preserved laches as a defense "in any action" under the general category of "unenforceability" defenses. Pub. L. No. 82-593, § 282, 66 Stat. 792, 812 (1952); *see supra* p. 6.

1. Congress codified existing "unenforceability" defenses in § 282. At the time, laches was widely understood as such a defense. *E.g.*, *United States* v. *New Orleans Pac. Ry. Co.*, 248 U.S. 507, 511 (1919) (agreement was "unenforceable by reason of inexcusable laches"); *Galliher* v. *Cadwell*, 145 U.S. 368, 373 (1892) (laches is "a question of the inequity of permitting the claim to be enforced"). In particular, courts routinely found patents "unenforceable" or declined to "enforce" an otherwise valid and infringed patent due to laches. *E.g.*, *Brennan*, 182 F.2d at 948 ("inequitable to allow plaintiff to enforce his claim for infringement"); *Banker* v. *Ford Motor Co.*, 3 F. Supp. 737, 742 (W.D. Pa. 1933) (laches "'has the effect of barring, or rendering unenforceable against a defendant in a suit, the claim asserted by the plaintiff therein'").[11]

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[11] *See also, e.g.*, *Union Shipbuilding*, 93 F.2d at 781; *Gillons*, 86 F.2d at 610; *Richardson*, 93 F. at 830; *Triplex Safety Glass Co. of N. Am.* v. *Kolb*, 53 F.2d 1062, 1065 (E.D. Pa. 1931); *Marlatt*, 70 F. Supp. at 433; *cf. Wollensak* v. *Reiher*, 115 U.S. 96, 99 (1885) (laches in prosecuting re-issued patent bars patentee "from enforcing it"); *Ball* v. *Gibbs*, 118 F.2d 958, 961 (8th Cir. 1941) (non-patent case describing laches as rendering claims "unenforceable"); *Todd* v. *Russell*, 104 F.2d 169, 175 (2d Cir. 1939) (similar), *aff'd*, 309 U.S. 280 (1940). The same terminology is still used: A patent is "unen-

When "Congress uses terms that have accumulated settled meaning," Congress presumably "means to incorporate the established meaning of these terms." *Neder* v. *United States*, 527 U.S. 1, 21 (1999) (internal quotation marks omitted). Indeed, this Court has applied that well-established rule of construction to other terms in *the very same section of the 1952 Act*, holding in *i4i* that Congress incorporated into § 282 the pre-1952 standard of proof for overcoming a patent's presumption of validity. 564 U.S. at 104. By using terms already freighted with judicial meaning, Congress "meant to incorporate 'the cluster of ideas' attached" to those terms. *Id.* at 103.

That this Court did not have an occasion to address the availability of laches as a defense to damages claims in patent law does not alter the presumption (or reality) that Congress intended to codify the existing circuit-court consensus. Congress would have looked to the patent decisions when codifying patent defenses in the Patent Act, not to the unrelated decisions that SCA cites (at 39-40). The Court has often concluded in other contexts that Congress intended to codify a consensus among the courts of appeals. *E.g.*, *United States* v. *Hayes*, 555 U.S. 415, 424-425 (2009); *Bragdon* v. *Abbott*, 524 U.S. 624, 644-645 (1998); *Cannon* v. *University of Chi.*, 441 U.S. 677, 696-698 (1979).

Congress underscored its intent by making unenforceability defenses, such as laches, available "in *any* action" under § 282—not simply as a bar to equitable relief. 66 Stat. at 812 (emphasis added). "Read naturally, the word 'any' has an expansive meaning[.]" *United*

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forceable due to laches" after unreasonable, prejudicial delay. *Ultimax Cement Mfg. Corp.* v. *CTS Cement Mfg. Corp.*, 587 F.3d 1339, 1348 (Fed. Cir. 2009).

States v. *Gonzalez*, 520 U.S. 1, 5 (1997); *see, e.g.*, *Ali* v. *Federal Bureau of Prisons*, 552 U.S. 214, 220 (2008) ("Congress' use of 'any' to modify 'other law enforcement officer' is most naturally read to mean law enforcement officers of whatever kind."). Had Congress wished to make a sharp departure from pre-1952 law and to limit laches and other unenforceability defenses to equitable relief, it would have said so.

SCA's contrary reading of the text (at 34-36) is untenable. It is true that § 282 "makes no mention of laches." Pet. Br. 34. It also makes no mention of other unenforceability defenses that are well established, such as inequitable conduct/unclean hands, equitable estoppel, and patent exhaustion. That is because Congress chose to use a broader term ("unenforceability") that encompassed both laches and other recognized defenses. Under established principles of statutory construction, Congress need not spell out the term "laches" to codify it when using other, broader terms. In fact, the Court rejected the same argument in *i4i* with respect to the same section of the 1952 Act. 564 U.S. at 100-101 (observing that § 282 contains "no express articulation of the standard of proof," but also that the "statutory inquiry ... cannot simply end there").

2. The history of the 1952 Act confirms that Congress intended to preserve the status quo by codifying existing "unenforceability" defenses and permitting them to bar damages. The prior statute had contained a list of five defenses, but an exhaustive catalog of all defenses was impractical. *Supra* p. 6; *see also, e.g.*, Hoar, *Patent Tactics and Law* 228 (3d ed. 1950) ("express enumeration" of five defenses "does not preclude any other sufficient ground," including "laches"). In § 282, Congress replaced the prior list with "a broader paragraph specifying defenses in general terms." H.R.

Rep. No. 82-1923, at 29 (1952). Both the House and Senate Reports confirm that Congress's purpose was to restate existing defenses "in general terms," without "materially changing the substance" of any defense. *Id.* at 10; S. Rep. No. 82-1979, at 9 (1952). SCA's observation (at 34-35) that the prior list of five defenses did not include laches misses the point of these reforms. The prior list was incomplete, and Congress broadened it in § 282 by using categorical terms.

The drafting history also speaks directly to the codification of unenforceability defenses to damages claims. When the House passed what would become the 1952 Act, the bill omitted the term "unenforceability." H.R. 7794, 82d Cong. § 282 (May 12, 1952). That term was added by the Senate Judiciary Committee. H.R. 7794, 82d Cong. § 282 (June 27, 1952). Senator McCarran explained that the purpose of the amendment—one of only four the Senate made—was to "place in the code this word which has been used in numerous court decisions under the section in question." 98 Cong. Rec. 9323, 9323 (1952). The "numerous court decisions" Congress intended to capture include the laches decisions catalogued above.

When the Senate inserted the word "unenforceability" into § 282, it also made a corresponding amendment to the *damages* provision, § 284. The prior bill had provided that damages would be available "[u]pon adjudging a patent valid and infringed." H.R. 7794, 82d Cong. § 284 (May 12, 1952). The Senate amended § 284 so that damages would be available "[u]pon finding for the claimant." H.R. 7794, 82d Cong. § 284 (June 27, 1952). As explained by Senator McCarran, the change was necessary to make clear that damages are *not* available if the patent is unenforceable (even if it is valid and infringed). 98 Cong. Rec. at 9323 ("The change

in language proposed in committee amendment No. 4 is for the purpose of avoiding a possible construction that judgment must be entered by a court even in a case where a patent is found unenforceable."). He emphasized that "[t]his will preserve the present rule of law in this regard." *Id.* Such a change would have been superfluous if laches and other equitable grounds for finding a patent unenforceable could not bar damages.

3. The overall purpose of the 1952 Act supports Congress's intent to retain the existing laches defense, which barred damages. The Act was intended to codify existing law, except where departures were clearly noted. H.R. Rep. No. 82-1923, at 3; *supra* p. 6. This Court has accordingly construed the Act on several occasions to preserve pre-1952 patent law as Congress found it. *E.g.*, *i4i*, 564 U.S. at 103-105 (clear-and-convincing standard for proving invalidity); *Warner-Jenkinson Co.* v. *Hilton Davis Chem. Co.*, 520 U.S. 17, 26-27 (1997) (doctrine of equivalents); *Diamond* v. *Chakrabarty*, 447 U.S. 303, 309 (1980) (non-patentability of abstract ideas). The same result is warranted here. Reading the 1952 Act to sweep away, surreptitiously, decades of judicial recognition of laches as a defense to damages in patent law would contravene a basic purpose of the Act.

4. Congress's intent to preserve laches was perceived immediately, as demonstrated in a widely cited commentary on the 1952 Act by P.J. Federico. The commentary explained that "unenforceability" was "added by amendment in the Senate for greater clarity," and that, as amended, the defenses in § 282 "would include ... *equitable defenses such as laches*, estoppel and unclean hands." Federico, *Commentary on the New Patent Act*, 35 U.S.C.A. 1, 55 (West 1954) (empha-

sis added), *reprinted in* 75 J. Pat. & Trademark Off. Soc'y 161, 215 (1993).

SCA's attacks on this commentary (at 44-45) are misplaced. Federico, then serving as Examiner-in-Chief of the Patent Office, was a "principal draftsman of the 1952 recodification." *Diamond*, 447 U.S. at 309 n.6. He "wrote the first draft of the Act himself," at the request of legislators, and "actively participated for the next two years in every detail of its revisions." *Paulik* v. *Rizkalla*, 760 F.2d 1270, 1277 (Fed. Cir. 1985) (Rich, J., concurring). For that reason, his views on the Patent Act are an important source of guidance that this Court itself has consulted, as have numerous other courts. *Aro Mfg. Co.* v. *Convertible Top Replacement Co.*, 365 U.S. 336, 342 n.8 (1961); *Warner-Jenkinson*, 520 U.S. at 28; *see* Pet. App. 21a (collecting cases).

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In sum, the signals from Congress and the case law are **clear and all point in the same direction. Laches** had **been available to bar stale demands for damages** in patent law for decades before 1952, and Congress preserved that status quo.

C. Since 1952, Congress Has Altered The Patent Act Repeatedly Without Disturbing Laches

Developments in the courts and Congress since 1952 only confirm that laches is a defense to claims for damages in patent infringement cases. Every court of appeals to consider the question has held that laches is available as a defense to damages, notwithstanding the six-year period in § 286. Congress revisited and altered the Patent Act numerous times during that period without ever disagreeing. "Congress can legislate"

laches "out of existence any time it chooses," *Warner-Jenkinson*, 520 U.S. at 28, but it has not done so.

1. SCA implies (at 18, 39) that recognition of laches as a defense to damages claims is "unique" to the Federal Circuit and thus represents merely "a controversial practice of the bare majority of a single lower court." That is demonstrably false.

In the decades after 1952, "[w]ithout exception, all circuits recognized laches as a defense to a charge of patent infringement despite the reenactment of the damages limitation in the 1952 statute." *Aukerman*, 960 F.2d at 1030; *see, e.g., Potter Instrument Co.* v. *Storage Tech. Corp.*, 641 F.2d 190, 191 (4th Cir. 1981) ("laches defense 'may be invoked where the plaintiff has unreasonably and inexcusably delayed in prosecuting its rights and where that delay has resulted in material prejudice to the defendant'"); *Studiengesellschaft Kohle mbH* v. *Eastman Kodak Co.*, 616 F.2d 1315, 1325 (5th Cir. 1980) (consequence of laches is "to withhold damages for infringement which occurred prior to the filing of the suit"); *American Home Prods. Corp.* v. *Lockwood Mfg. Co.*, 483 F.2d 1120, 1122-1125 (6th Cir. 1973) ("the doctrine of laches is applicable to patent cases"); *Continental Coatings Corp.* v. *Metco, Inc.*, 464 F.2d 1375, 1379 (7th Cir. 1972) (Stevens, J.) (patentee "lost the right to recover damages for past infringement," by "reason of laches").[12] All those courts recog-

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[12] *See also Carpet Seaming Tape Licensing Corp.* v. *Best Seam Inc.*, 694 F.2d 570, 580 (9th Cir. 1982); *Naxon Telesign Corp.* v. *Bunker Ramo Corp.*, 686 F.2d 1258, 1263 (7th Cir. 1982); *Jensen* v. *Western Irrigation & Mfg., Inc.*, 650 F.2d 165, 168 (9th Cir. 1980); *Watkins* v. *Northwestern Ohio Tractor Pullers Ass'n*, 630 F.2d 1155, 1159 (6th Cir. 1980); *Minnesota Mining & Mfg. Co.* v. *Berwick Indus., Inc.*, 532 F.2d 330, 334 (3d Cir. 1976); *Baker Mfg. Co.* v. *Whitewater Mfg. Co.*, 430 F.2d 1008, 1009-1010, 1015 (7th

nized laches as a defense within the six-year damages period in § 286, as *Aukerman* explained. *See, e.g.*, *TWM Mfg. Co.* v. *Dura Corp.*, 592 F.2d 346, 348-349 (6th Cir. 1979).

SCA and its amici entirely neglect to mention, let alone address, these post-1952 decisions. This is not a case about simply "the Federal Circuit's practice" (Pet. Br. 38), but rather about the practice of every circuit to consider the question, before and after 1952.

2. Congress has allowed this uniform recognition of laches as a defense to patent infringement damages to stand for decades, even while it "has often amended § 282" and other provisions of the Patent Act. *Id.*, 564 U.S. at 113. Those numerous amendments include careful recalibrations of the defenses available under the statute. *See, e.g.*, Drug Price Competition and Patent Term Restoration Act of 1984, Pub. L. No. 98-417, § 203, 98 Stat. 1585, 1603 (adding new invalidity defense). Indeed, in the recent Leahy-Smith America Invents Act—the most significant reworking of patent law since the 1952 Act—Congress reorganized § 282 into separate subsections and eliminated another defense the statute had previously permitted. Pub. L. No. 112-29, § 15(a), 125 Stat. 284, 328 (2011) (abolishing the "best mode" defense). Yet Congress reenacted, without change, the "unenforceability" language that had been repeatedly held to codify laches as a defense to damages. *Id.* § 20(g)(2)(B), 125 Stat. at 334.

Cir. 1970); *Whitman* v. *Walt Disney Prods., Inc.*, 263 F.2d 229, 231-232 (9th Cir. 1958); *Smith* v. *Sinclair Ref. Co.*, 257 F.2d 328, 329-330 (2d Cir. 1958); *Potash Co. of Am.* v. *International Minerals & Chem. Corp.*, 213 F.2d 153, 154-156 (10th Cir. 1954).

The reenactment of this statutory language and the long history of congressional attention to the patent laws, while leaving laches intact, would independently warrant the conclusion that Congress intended to permit laches as a defense, even if Congress had not already done so in the 1952 Act itself. *E.g.*, *North Star Steel Co.* v. *Thomas*, 515 U.S. 29, 34 (1995) (presumption that Congress is aware of relevant precedents and "'expect[s] its enactment[s] to be interpreted in conformity with them'"); *Lindahl* v. *OPM*, 470 U.S. 768, 782 (1985) ("presumption that Congress intended to embody [prior judicial construction] in the amended version" of statute). For that reason, this case is quite unlike the "congressional silence" decisions on which SCA relies (at 38-39). Congress made various adjustments over the years, but declined to make the one SCA advocates.

Now that Congress "has allowed the Federal Circuit's correct interpretation of § 282 to stand" for more than thirty years, "[a]ny re-calibration" of laches should be left to Congress, which is better situated to weigh the policy consequences of such a change. *id.*, 564 U.S. at 114; *accord Kimble* v. *Marvel Entm't, LLC*, 135 S. Ct. 2401, 2410-2411 (2015) (noting Congress's "continual reworking of the patent laws," and expressing particular reluctance to "unsettle stable law" in this area).

II. SCA MISREADS *PETRELLA* AND MISCONSTRUES § 286 OF THE PATENT ACT

The Court's decision in *Petrella* v. *Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014), is consistent with and supports retaining laches as a defense alongside the six-year period in 35 U.S.C. § 286. *Petrella* rests at bottom on respecting congressional intent, and it is clear that Congress intended to retain laches as a de-

fense to damages under the Patent Act. Preserving the status quo is thus entirely faithful to *Petrella*, as well as to the text and purpose of § 286. Congress had good reason to authorize laches in patent law but not copyright law, given the substantial differences between the two, and that legislative judgment should be respected.

A. *Petrella*'s Concern For Respecting Legislative Intent Supports Retaining Laches Here

In *Petrella*, the Court began with the text of the Copyright Act, which contains a conventional statute of limitations (unlike the Patent Act, *see infra* pp. 40-42): "The Copyright Act provides that '[n]o civil action shall be maintained under the [Act] unless it is commenced within three years after the claim accrued.'" 134 S. Ct. at 1967 (quoting 17 U.S.C. § 507(b)). It then noted several additional "aspects of copyright law" bearing on the question presented, including the long copyright term, currently from creation to seventy years after the author's death, and renewal rights that transfer to an author's heirs. *Id.* at 1968-1969. The Court further explained that, "[t]o comprehend how the Copyright Act's limitations period works, one must understand when a copyright infringement claim accrues," and proceeded to review the "separate-accrual rule" that applies in copyright law. *Id.* at 1969. Under that rule, the three-year limitations period is applied by "start[ing] a new limitations period" and counting forward three years for "each infringing act." *Id.*

Those provisions together persuaded the Court that Congress had already "take[n] account of delay" in 17 U.S.C. § 507(b) and had impliedly foreclosed any laches defense within that three-year period. 134 S. Ct. at 1973. Congress "must have been aware," given the long copyright term and inheritance of renewal rights,

that infringement actions would arise from time to time decades after the initial infringing acts, but it tolerated that problem to advance other aims specific to copyright law. *Id.* at 1976-1977. Other provisions of the Copyright Act confirmed as much—in particular, the ability of an infringer to deduct, from a damages award, expenses "attributable to its own enterprise." *Id.* at 1973 (discussing 17 U.S.C. § 504(b)). "Last, but hardly least," the Court noted that laches was historically "developed by courts of equity" and applied to "claims of an equitable cast for which the Legislature has provided no fixed time limitation." *Id.*

The historical view of laches as "gap-filling" in equity, in the absence of a limitations period, was thus merely one consideration among many the Court cited. 134 S. Ct. at 1974. SCA suggests (at 25) that *Petrella* merely applied a "well-established rule" that laches is unavailable whenever Congress enacts "a statute of limitations provision applicable to legal damages claims." If that were true, much of *Petrella*'s discussion of various features of the Copyright Act would have been superfluous.

Instead, *Petrella* rests on careful attention to the statutory text and history of the Copyright Act and a concern that courts not disregard the judgments Congress made in that Act. The same tools of statutory construction favor retaining laches as a defense to damages under the Patent Act. Pet. App. 35a-36a. As set forth above, the text, history, and purpose of the Patent Act of 1952 all demonstrate that Congress intended to preserve the pre-1952 status quo—including the availability of laches as an unenforceability defense

barring damages within the six-year period in § 286.[13] *Petrella*'s animating concern for respecting the will of Congress thus counsels a different result in this case under the Patent Act.

Congress's decision to permit laches as a defense to damages under the Patent Act is hardly "unique." Pet. Br. 33. *Petrella* itself noted that the Lanham Act provides for laches as a defense, though it does not contain a limitations period. 134 S. Ct. at 1974 n.15. Moreover, although *Petrella* observed that the Court has "never applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period," *id.* at 1975, the cases it discusses recognize a degree of flexibility inconsistent with the ironclad rule SCA proposes.

In *National Railroad Passenger Corp.* v. *Morgan*, 536 U.S. 101, 121-122 (2002), for example, the Court held that an employer may raise laches as a defense to bar an employment discrimination claim for damages

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[13] Nothing comparable could be said for the Copyright Act. While Congress at one point permitted courts of equity to award damages for copyright infringement, Pub. L. No. 60-349, §§ 26-27, 35 Stat. 1075, 1082 (1909), copyright law did not follow the same trajectory as patent law, which presumably explains why no party or amicus brought those provisions to the attention of the Court in *Petrella*. Patent law had many more laches cases, which allowed a robust consensus to emerge regarding the application of laches to damages claims. Nor is there any statutory basis to conclude that Congress codified laches or general "unenforceability" defenses in the Copyright Act, as it did in the Patent Act. The respondents in *Petrella* relied instead on the putative "inherent" power of federal courts to entertain a laches defense. Resp. Br. 15, No. 12-1315 (U.S. Dec. 16, 2013). Finally, in contrast to the century of consensus among courts of appeals regarding the role of laches in patent law, the circuits had divided before *Petrella* about the availability of laches under the Copyright Act. 134 S. Ct. at 1972 n.12.

under Title VII of the Civil Rights Act, when the claim is based on a hostile work environment beginning before the limitations period. *See also Ledbetter* v. *Goodyear Tire & Rubber Co.*, 550 U.S. 618, 657 (2007) (Ginsburg, J., dissenting) (the "defense of laches may be invoked to block an employee's suit"). In *Bay Area Laundry & Dry Cleaning Pension Trust Fund* v. *Ferbar Corp. of Cal.*, 522 U.S. 192, 205 (1997), the Court recognized laches as a defense in proceedings under the Multiemployer Pension Plan Amendments Act, despite Congress having required such proceedings to be initiated "'as soon as practicable.'"[14]

B. Congress Had Good Reason For A Different Approach To Laches In Patent Law

Several other distinctive features of patent law and the Patent Act—including § 286 itself—confirm that Congress did not impliedly foreclose a laches defense in the 1952 Patent Act. Indeed, the numerous differences between patent law and copyright law help explain why Congress chose to retain laches as a defense to damages under one but not the other.

1. Section 286 is not a statute of limitations and does not measure a patentee's delay

The six-year period in § 286 of the Patent Act is unlike the Copyright Act's statute of limitations, 17 U.S.C. § 507(b), in ways that bear directly on the reasoning and rationale of *Petrella*. As an initial matter,

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[14] The Court has also long recognized laches as a defense in suits for mandamus—historically a form of legal relief, available by writ from a court of law. *Cheney* v. *United States Dist. Court for D.C.*, 542 U.S. 367, 379 (2004) (laches may "bar a petition for a writ of mandamus"); *United States ex rel. Arant* v. *Lane*, 249 U.S. 367, 371 (1919) (laches in mandamus action for wrongful discharge).

§ 286 is not properly considered a statute of limitations at all. As the Court has explained, a statute of limitations "establish[es] the period of time within which a claimant must bring an action," measured from the time "the cause of action 'accrues'—that is, when 'the plaintiff can file suit and obtain relief.'" *Heimeshoff* v. *Hartford Life & Acc. Ins. Co.*, 134 S. Ct. 604, 610 (2013); *accord Beach* v. *Ocwen Fed. Bank*, 523 U.S. 410, 416 (1998). Congress enacts a statute of limitations when it wishes to "require plaintiffs to pursue 'diligent prosecution of known claims.'" *CTS Corp.* v. *Waldburger*, 134 S. Ct. 2175, 2183 (2014).

Section 286 of the Patent Act does not operate that way. Unlike a statute of limitations, which runs forward from the date a cause of action *accrues*, § 286 runs backward from the time of suit: "Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years *prior to the filing of the complaint or counterclaim for infringement* in the action." (Emphasis added); *see Aukerman*, 960 F.2d at 1032.[15] For that reason, the Federal Circuit has repeatedly recognized that § 286 is not a statute of limitations, *e.g.*, *A. Stucki Co.* v. *Buckeye Steel Castings Co.*, 963 F.2d 360, 363 n.3 (Fed. Cir. 1992); *Standard Oil Co.* v. *Nippon Shokubai Kagaku Kogyo Co.*, 754 F.2d 345, 347-348 (Fed. Cir. 1985), although the court

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[15] SCA observes (at 8, 22-23) that the legislative history of § 286 refers to it as a "statute of limitations," but that is hardly dispositive. Both Congress and the courts sometimes use the term "statute of limitations" in a generic sense. *See, e.g.*, *CTS*, 134 S. Ct. at 2185 ("Congress has used the term 'statute of limitations' when enacting statutes of repose."); *Federal Hous. Fin. Agency* v. *UBS Ams. Inc.*, 712 F.3d 136, 143 & nn.3-4 (2d Cir. 2013) (collecting examples).

failed to appreciate the significance of that distinction for this case (Pet. App. 17a-18a).

The distinction is important. *Petrella* rests in part on an inference of congressional intent specific to a true statute of limitations: When Congress enacts such a statute, it can be viewed as having made a considered judgment about how much delay may occur after a plaintiff knows of a cause of action (*i.e.*, after accrual) before the plaintiff must bring suit—thus potentially leaving no room for judges to evaluate the reasonableness of a plaintiff's delay on a case-by-case basis under laches. 134 S. Ct. at 1973. The same certainly cannot be said for § 286, which was not intended to measure the patentee's delay after accrual. Rather, like a statute of repose, § 286 turns only on when the infringer is sued, regardless of when the patentee learned of the infringement. *See CTS*, 134 S. Ct. at 2183 (statutes of repose reflect a different "legislative judgment," serve "a distinct purpose," and "target[] ... a different actor"). Congress thus left ample room for laches to play a gap-filling role under § 282, as it had done for decades before the 1952 Act alongside the predecessor to § 286.

2. SCA's other textual arguments premised on § 286 are unfounded

Attempting to stretch *Petrella* to cover this case, SCA makes various other arguments about what Congress intended by enacting § 286, but none justifies abolishing laches.

To start, notwithstanding SCA's persistent effort to pretend otherwise, the "text" or "plain meaning" of § 286 does not address the question presented. Pet. Br. 20-25. Section 286 says nothing at all about laches or other unenforceability defenses within the six-year pe-

riod contemplated by the statute.[16] Nor does § 286 provide an affirmative guarantee that a patentee may always recover damages for the preceding six years. By its terms, § 286 is merely a limitation on recovery: "no recovery shall be had" for any infringement outside the six-year window. The statute also contemplates recovery only "[e]xcept as otherwise provided by law," anticipating that a patentee's ability to recover damages would be affected by other provisions, such as a failure to mark, § 287, or a finding that the patent is invalid or unenforceable, § 282—a reading confirmed by the legislative history of the damages provision, § 284. *See supra* pp. 31-32. The three-year statute of limitations in the Copyright Act contains no comparable language.

SCA's reliance on the "purpose" of § 286 is similarly misplaced. Pet. Br. 29-30, 46. Congress enacted the six-year damages window to provide a uniform federal time period, rather than borrowing potentially discrepant state-law periods. But that purpose is equally well served by retaining laches as a defense under § 282. *POM Wonderful LLC* v. *Coca-Cola Co.*, 134 S. Ct. 2228, 2239 (2014) ("variation in outcome" resulting from case-by-case application of a federal standard "is quite different from the disuniformity" arising from a "multitude of state laws"). Moreover, the same outer boundary for recovery of damages applies in all cases. Applying laches within that period does not "carve[] out an exception," create a "unique hybrid statute of limitations/laches test," or "delegate [the] power to abridge section 286." Pet. Br. 19, 33, 34. Laches has distinct

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[16] For that reason, the canon of construction favoring the specific over the general (Pet. Br. 35-36) has no application here. The text of § 286 does not address laches at all, let alone more specifically than § 282.

elements and does not depend merely on the passage of time.

The separate-accrual rule is also not offended by applying laches to bar damages claims within § 286's six-year period. Pet. Br. 26-28. Applying laches is not inconsistent with the broader principle of treating each act of making, using, or selling the invention as a separate act of infringement. This Court has, for example, applied laches to bar enforcement of a patent notwithstanding that principle, without examining each infringing act individually. *Lane & Bodley Co.* v. *Locke*, 150 U.S. 193, 201 (1893); *see also Menendez* v. *Holt*, 128 U.S. 514, 524 (1888) (trademark). The many decisions collected above likewise applied laches as a single defense with respect to infringing acts of the same general nature—just as continuing torts are treated as single claims in other contexts, like claim preclusion. *Aukerman*, 960 F.2d at 1031.

Finally, SCA's reading of § 286 is not bolstered by 35 U.S.C. § 283, which authorizes courts to "grant injunctions in accordance with the principles of equity." SCA argues (at 23) that § 283's express reference to "principles of equity" forecloses application of equitable doctrines under any other provision of the Patent Act. But accepting that argument—one that SCA never developed below—would upend many other settled equitable doctrines in patent law. *Supra* pp. 4, 25.

3. SCA ignores numerous other distinctions between patent and copyright law

The Patent Act lacks all of the distinctive features of the Copyright Act that the Court considered and relied on in *Petrella*. As noted, the Patent Act does not have a true statute of limitations. It also contains no

provision for reversionary renewal rights, and the patent term is considerably shorter (currently, twenty years) than the copyright term—thus undercutting any inference comparable to the one drawn in *Petrella* that Congress "must have been aware" that some infringement actions would be brought after long delay. 134 S. Ct. at 1976; *see* 35 U.S.C. § 154(a)(2) (patent term); *supra* pp. 37-38. Congress also did not provide any mechanism for a patent infringer to deduct its expenses from a damages award in the same way that occurs in copyright law. Numerous other distinctions between patent and copyright also help explain why Congress chose to authorize laches in one context but not the other.

First, as the court of appeals explained, Congress chose to impose liability under the Patent Act, but not the Copyright Act, even for "innocent" infringement. Pet. App. 37a-38a. A copyright plaintiff must demonstrate that the accused infringer had access to and copied the plaintiff's work. *See, e.g.*, *Feist Publ'ns, Inc.* v. *Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991). Independent creation of a work is a complete defense in copyright. 3 *Nimmer on Copyright* § 12.11[D][1] (2015). Not so in patent law: Making, using, or selling the patented invention constitutes direct infringement even if the infringer is unaware that the patent exists. *See Global-Tech Appliances, Inc.* v. *SEB S.A.*, 563 U.S. 754, 761 n.2 (2011) ("[A] direct infringer's knowledge or intent is irrelevant.").

Laches plays a critical role in preventing patentees from unfairly taking advantage of such innocent infringement. Had Congress not retained laches as a defense, nothing would stop a patentee from sitting silently on its rights while an innocent infringer invests substantial time and resources to develop and commercialize a product independently, "only to have [the] patent-

ee emerge six years later to seek the most profitable six years of revenues." Pet. App. 38a.

SCA contends (at 49-50) that Congress addressed this problem with the marking requirement, 35 U.S.C. § 287, but that is mistaken. Section 287, which requires a patentee to mark its own products with the patent number, provides only a limited form of constructive notice to potential infringers. The requirement does not apply if there is no product to mark—*e.g.*, because the patentee does not produce anything, *Texas Digital Sys., Inc.* v. *Telegenix, Inc.*, 308 F.3d 1193, 1219-1220 (Fed. Cir. 2002), or the patent covers a method or process, *Bandag, Inc.* v. *Gerrard Tire Co.*, 704 F.2d 1578, 1581 (Fed. Cir. 1983). Moreover, even a defendant aware of a patent via marking may be unaware of potential infringement. As SCA's amicus explains, determining whether a patent is infringed requires a complex "technical evaluation" and "prolonged analysis" of the patent specification, claims, and art—unlike copyright infringement. Alliance of Inventor Groups Br. 15.[17] Marking indicating that a patentee thinks its *own* product practices its own patent is a far cry from notice that a potential *defendant's* product infringes. The limited notice provided by § 287 thus cannot take the place of laches in protecting innocent infringers from unfair delay.

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[17] For similar reasons, even when a potential defendant is sent a notice letter, the possibility of a declaratory judgment action (Pet. Br. 50) does not prevent a patentee from unfairly lying in wait. Many "high tech" businesses "receive demand letters every day" asserting infringement, and it is "often impractical for companies to determine which claims have merit," let alone seek declaratory relief from all of them. Pet. App. 38a.

Second, patent law is subject to endemic "lock-in" problems not found in copyright law. Competing technologies are often close substitutes, and an innovative business might incorporate any one of them into a product ex ante. However, having chosen one and built a product around it, the business becomes locked into using the technology, and substitution of an alternative is difficult ex post—especially if the technology is incorporated into an industry-wide standard, requires regulatory approval, or is capital-intensive. *E.g.*, *Broadcom Corp.* v. *Qualcomm Inc.*, 501 F.3d 297, 310 (3d Cir. 2007) ("Industry participants who have invested significant resources developing products and technologies that conform to the [industry] standard will find it prohibitively expensive to abandon their investment and switch to another standard."); Lee & Melamed, *Breaking the Vicious Cycle of Patent Damages*, 101 Cornell L. Rev. 385, 409-410 (2016) (discussing lock-in costs). The prospect of such "lock-in" gives unscrupulous patentees a significant incentive to wait to bring suit until an accused infringer has "'lost the meaningful ability to choose between alternative technologies,'" greatly magnifying potential infringement damages beyond the patent's actual value. Pet. App. 38a; *see Broadcom*, 501 F.3d at 310; Lee & Melamed, 101 Cornell L. Rev. at 410-411. Laches serves, in part, to prevent such unfair gamesmanship, and abolishing the defense will only exacerbate abusive litigation tactics.

Indeed, that is precisely what happened here. Because of SCA's delay, First Quality was foreclosed from pursuing different business strategies to avoid the allegedly infringing products, which would have been available had SCA timely asserted its infringement claims. *See* Pet. App. 109a ("First Quality would not have invested millions of dollars in acquiring and re-

tooling [one of its facilities] if it was embroiled in a lawsuit with SCA relating to [the allegedly infringing] products."); *id.* ("First Quality could have either demanded that Covidien resolve all issues with respect to SCA's claims prior to" First Quality's acquisition of Covidien's subsidiary, or forgone "purchase of the product lines accused of infringement.").

Third, the consequences of delay are asymmetrically harmful to the defendant in patent law, unlike copyright law. As *Petrella* explained, delay in bringing suit for copyright infringement "is at least as likely" to prejudice the plaintiff, who bears the burden of proving copying—*i.e.*, access to the work and substantial similarity. 134 S. Ct. at 1977. In contrast, because direct patent infringement is a strict liability offense, the passage of time is less likely to prejudice the patentee's ability to prove its infringement case. Delay can have a devastating effect, however, on the ability of the accused infringer to mount the defenses Congress provided under the Patent Act—for example, by depriving the defendant of evidence needed to prove that a patent is invalid because the invention it describes was already in public use or for sale before the relevant date, 35 U.S.C. § 102(a). *See* Electronic Frontier Foundation Br. 5-11 (additional examples).

Fourth, infringement can have very different effects on the value of the plaintiff's intellectual property in copyright law versus patent law. A copyright confers the exclusive right to authorize derivative works, 17 U.S.C. § 106(2), which can complement and increase sales of the original—as, for example, with "[f]an sites prompted by a book or film," *Petrella*, 134 S. Ct. at 1976. In that unique context, there may be nothing "untoward about waiting to see whether an infringer's exploitation undercuts the value of the copyrighted

work, has no effect on the original work, or even complements it." *Id.* The Patent Act reflects no similar judgment.

Fifth, the broader scope of protection Congress afforded under the Patent Act, as compared to the Copyright Act, weighs in favor of retaining laches as a bulwark against unfair, prejudicial delay that could harm third parties. A copyright-holder cannot forbid mere "use" or private performance or display of the protected work. *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 447 (1984) ("An unlicensed use of the copyright is not an infringement unless it conflicts with one of the specific exclusive rights conferred by the copyright statute."); 17 U.S.C. § 106(4)-(6) (copyright owner's exclusive public performance and display rights). Thus, in *Petrella* the Court noted that "[a]llowing Petrella's suit to go forward ... will work no unjust hardship on innocent third parties, such as consumers who have purchased copies of Raging Bull." 134 S. Ct. at 1978. A patentee, by contrast, can sue for any unauthorized "use[]" of the invention. 35 U.S.C. § 271(a). An innocent consumer who purchases a device from an unauthorized seller will continue to commit new acts of infringement every time it is used.

C. SCA's Policy Arguments Are Unfounded

SCA's contention (at 46-48) that abolishing laches in patent cases will serve important policy goals is belied by the near-unanimous support for retaining the defense from major stakeholders in patent law: "[I]ndustries as diverse as biotechnology, electronics, manufacturing, pharmaceuticals, software, agriculture, apparel, health care, telecommunications, and finance" all "overwhelmingly" supported retaining the defense in the proceedings below (Pet. App. 38a), and First

Quality expects a similar showing in this Court. Even the leading organization of patent *owners*—the individuals and firms against whom laches is typically asserted—supports retaining the defense. IPO Br. 1-3.

SCA's and its amici's specific concern that laches causes a rush to court or discourages settlement is wrong. Laches by definition does not penalize *reasonable* delay, such as a delay for bona fide infringement analysis or settlement negotiations. *See, e.g.*, *Aukerman*, 960 F.2d at 1033 (listing circumstances for reasonable delay); 6A *Chisum on Patents* § 19.05[2][b] (2016) (same).[18] And the Court need not speculate counterfactually whether laches "would encourage" these putative problems. Pet. Br. 47. History provides a record. Laches has long been available as a defense to damages claims in patent litigation. SCA offers no evidence that laches has sparked precipitous litigation or impaired the willingness of parties to settle their disputes out of court.

Nor do the facts of this case support abolishing laches, as SCA contends (at 48). SCA finds itself in this position only because of its own calculated decisions and unreasonable delay. SCA was aware of First Quality's alleged infringement for nearly seven years and carefully monitored First Quality's products throughout that period, watching as First Quality invested and expanded. SCA's delay continued *after* the reexamination—a proceeding that might have provided a reason-

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[18] SCA's amicus suggests that license negotiations "will not necessarily excuse delay" (ABA Br. 11), but it misreads the relevant case law, *see A.C. Aukerman Co.* v. *Miller Formless Co.*, 693 F.2d 697, 700-701 (7th Cir. 1982) (plaintiff's sporadic efforts to demand that defendant take a license did not excuse delay, where the "exchanges were all unfruitful" and one-sided).

able excuse for part of SCA's delay under existing law, had SCA provided any indication of the proceeding to First Quality. *Serdarevic* v. *Advanced Med. Optics, Inc.*, 532 F.3d 1352, 1359 (Fed. Cir. 2008) (delay for PTO proceedings was reasonable where infringer still "'had reason to believe it was likely to be sued' after the ... proceedings concluded"). Laches properly protects a party like First Quality against such unfair and prejudicial delay.

III. The Presumption Of Prejudice After Six Years Of Delay Should Be Retained

Under settled law, an accused infringer must demonstrate both unreasonable delay and prejudice to establish laches. If, however, the patentee delays suit for more than six years after the patentee knew or should have known of the infringement, unreasonable delay and prejudice are presumed. Pet. App. 9a. The patentee must then come forward with some evidence to rebut the presumption. *Aukerman*, 960 F.2d at 1037, 1038. The Court should decline SCA's conclusory request (at 50-52) to abolish that presumption, for several reasons.

First, the six-year presumption is not "unique" to the Federal Circuit. Pet. Br. 50. The presumption "was embraced by virtually all circuits prior to the creation" of the Federal Circuit and predates the 1952 Act. *Aukerman*, 960 F.2d at 1035; *see* Selinger, *A Survey of Article III Procedural Issues Considered at The Federal Circuit During Its First Decade*, 27 J. Marshall L. Rev. 25, 58 (1993) ("[F]ederal appellate courts had almost uniformly recognized and adopted the rebuttable presumption that a delay of more than six years was prejudicial and unreasonable."); *Studiengesellschaft Kohle*, 616 F.2d at 1326 (collecting cases). In 1936, for

example, the Ninth Circuit explained that, "[w]hen the suit is filed after the statutory period" of six years, "injury is presumed." *Gillons*, 86 F.2d at 608; *see also Baker Mfg. Co.* v. *Whitewater Mfg. Co.*, 430 F.2d 1008, 1009-1010 (7th Cir. 1970) (additional examples).

Second, the six-year presumption is well grounded in equity practice, in which courts historically "consider[ed] the passage of time equivalent to a comparable statute of limitations as presumptive of laches." *TWM*, 592 F.2d at 348; *cf. Oroz* v. *American President Lines, Ltd.*, 259 F.2d 636, 639 (2d Cir. 1958) (analogous "rule-of-thumb" in admiralty).

Third, even considering the matter afresh, the six-year presumption is sensible and should be retained. The patent owner is best positioned to come forward with a legitimate explanation for its lengthy delay, something SCA was unable to do here. The presumption also provides the very clarity and predictability that SCA claims to want (at 46-48), by giving courts "a yardstick for reaching comparable results in comparable circumstances," *Aukerman*, 960 F.2d at 1035. Parties know, in advance, that six years' delay carries with it particular consequences in patent law, and they can make business and litigation decisions accordingly. At the same time, the presumption still permits flexibility in individual cases. Satisfying the presumption "does not *mandate* recognition of a laches defense," which instead always "remains an equitable judgment of the trial court in light of all the circumstances." *Id.* at 1036.

Fourth, even if the Court were inclined to revisit the six-year presumption, this case would be a poor occasion to do so. The en banc court declined to consider the issue below (*supra* n.6), so it has not received significant attention. The presumption also made no dif-

ference in this case. The district court held that SCA's three-year delay *after* reexamination would serve to establish laches under the particular facts of this case even without the presumption. Pet. App. 105a n.1. That alternative and unchallenged holding would support affirmance here even were the Court to modify the presumption. SCA's deliberate and unreasonable delay prejudiced First Quality and justifies the application of laches to bar SCA from recovering damages.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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SEPTEMBER 2016